

The complaint

Miss W complains that Loans 2 Go Limited (“L2G”) irresponsibly provided her with a loan.

What happened

In November 2024, Miss W borrowed £1,000 from L2G; the money was to be repaid over a term of 24 months, with monthly repayments of £67.27.

Shortly after taking the loan, in early 2025, Miss W complained to L2G. She said, in summary, that L2G hadn’t carried out appropriate checks to determine whether the loan she’d requested was affordable for her. In response, L2G defended its decision to provide the loan; it said it had carried out suitable checks in the circumstances.

Miss W contacted this Service for an independent review, and an Investigator here looked at what had happened. Having done so, the Investigator didn’t think Miss W’s complaint should be upheld. In summary, the Investigator said:

- Overall, in the circumstances, L2G carried out proportionate checks before agreeing to lend.
- Those checks hadn’t revealed anything which suggested the loan was, or would be, unaffordable for Miss W. As such, given the results of its proportionate checks, L2G didn’t need to verify Miss W’s financial position.
- Broadly, nothing would’ve shown L2G that Miss W might have been – or was likely to be at high risk of – experiencing financial difficulties.

Miss W disagreed. She explained how her position was worse than what L2G’s checks had uncovered, with substantial borrowing elsewhere, and that she was benefitting from assistance in making repayments to existing debts.

Our Investigator reconsidered, but didn’t change their mind. In short, they reiterated how L2G was entitled to rely upon the results of the proportionate checks it carried out. Miss W asked for an Ombudsman’s decision. So, as no agreement has been reached, her complaint has been passed to me to decide.

What I’ve decided – and why

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

By way of general information, when making a lending decision, L2G needed to make sure that it didn’t provide loans irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable; L2G had to do so with Miss W’s specific circumstances in mind before providing

any credit.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

That said, we might think a lender needed to do more if, for example, a borrower's income was low, or the amount lent was high. Additionally, the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Here, L2G has told us that it gathered details of Miss W's income – which it verified using a third-party report; it used Office of National Statistics (ONS) data to help determine Miss W's day-to-day expenses, it carried out a credit check too, an affordability assessment, and used Credit Reference Agency ("CRA") data to build in Miss W's existing credit repayments.

From what I've seen, the results of those checks painted a broadly positive picture of Miss W's wider financial position: nothing showed any recent defaults; no County Court Judgements or Individual Voluntary Arrangements were recorded either. There were some missed repayments identified within the last 12 months, but those had been brought back in line quickly and the associated credit commitment maintained.

Overall then, on balance, keeping in mind that this was a new lending relationship – with a reasonably modest amount being provided – I think L2G gathered enough information about Miss W's circumstances. It didn't simply rely solely on what Miss W told it; L2G sought to look a little deeper and it didn't find anything, as a result of its checks, which gave cause for concern. Rather, the loan appeared affordable in Miss W's circumstances and, overall, I'm satisfied L2G carried out proportionate checks before agreeing to lend. So, I'm not persuaded it would have been necessary for L2G to request more information, or evidence, from Miss W before the loan was approved.

Here, I'll note that I'm aware of Miss W's concerns over how the information L2G relied upon wasn't accurate. She's said she had further debt, and that she was in receipt of support in repaying her existing commitments which essentially masked her true ability to repay. Those are all understandable concerns, and I don't doubt them to be accurate, but the fact is that such circumstances didn't translate into L2G's checks.

Broadly speaking, there are no fixed checks that businesses must complete when reviewing an application for credit. The rules applicable at the time Miss W applied purely state that checks should be proportionate to the type of lending and term of the loan. There's no requirement on a lender to review specific things such as bank statements, for example. So, I can't fairly say that L2G was wrong to not run those sorts of checks here; there was no regulatory requirement to do that, and the results of the checks L2G did carry out didn't warrant further review of Miss W's circumstances.

Fundamentally, nothing suggested to L2G that Miss W was – or was becoming – overly reliant on credit or mismanaging her existing accounts to such a degree that there was cause for concern. Rather, it seemed as though Miss W was managing broadly well – and that she had sufficient disposable income remaining to meet the loan repayments each month without any concern. I'll add too that while the credit check did indicate some previous repayment difficulties, that alone doesn't automatically, or categorically, preclude an individual from obtaining credit.

To be clear, I'm not saying that Miss W wasn't – or isn't now – under some level of financial pressure; it's just that here, in these circumstances, L2G didn't discover that; something I don't consider a failing, for the reasons I've explained. Instead, I find that the level of checks it did carry out were proportionate to the amount being lent, the lending relationship, and the results of those checks.

As with any complaint, the key point to remember here is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, I don't think L2G could have known that the payments for this loan were – or would become – unaffordable at the time of lending. So, for the reasons I've already given, I don't think L2G lent irresponsibly to Miss W or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

Finally, I've seen that L2G has taken some measures to assist Miss W since she made it aware she was struggling. L2G has liaised with a third-party organisation which Miss W engaged to help her repay her debts, and it's currently working to a repayment plan for this debt; it's also agreed to remove any interest from what's owed – leaving Miss W liable for the principle sum only. L2G has provided the contact details of other organisations which can help, and it's told Miss W to contact it if she needs to. Overall, that's just what I'd expect – and I'm satisfied L2G has put appropriate forbearance measures in place here. So, with everything I've set out in mind, it follows that I don't require L2G to take any further action – and I don't uphold Miss W's complaint.

My final decision

My final decision is that I don't uphold Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 9 September 2025.

Simon Louth
Ombudsman